

**MINUTES
FOR THE REGULAR MEETING
CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD
Docket No. 5506**

1. Opening of Meeting:

The Appeals Board convened at 2:00 p.m., May 11, 2009 in Sacramento, with Chair Garcia presiding.

2. Roll Call: Members

Present Absent

Bonnie Garcia, Chair	X	
George Plescia, Vice Chair		X
Ann Richardson	X	
Liz Figueroa	X	
Cindy Montañez	X by telephone	
Sharon Runner		X

Chair Garcia stated that the Board meeting would be informational only, so there are be no items that the Board would vote on that day.

10. Discussion Only Items:

Chair Garcia commented that at the last Board meeting they had encumbered some of the dollars that were available and there was about \$500,000 left in the budget year. She stated that they still do not know what the numbers are in terms of reimbursement for the 2nd through 4th quarters.

Renee Erwin, SSM II, reported that the second and fourth quarter spending plan is moving forward. As far as they know all purchases will be accomplished by the end of the fiscal year and that will leave an available balance of approximately \$500,000. She stated that they do not have the earnings for April yet. The earnings are based on hours worked with leave and hours worked without leave and because that is derived from State Controller's reports and DPA, that information will not be available for another week to two weeks.

Chair Garcia asked if they had any idea if they were going to be reimbursed at 32% or 100%, any indication since they learned about the first quarter.

Ms. Erwin responded that there was no new information and she checked on that at the end of last week.

Chair Garcia wanted to know what agency gets back to us on that.

Ms. Erwin stated that the agency is EDD, which is apprised of the funding levels by

the Department of Labor.

Chair Garcia asked if they are asking for that information in writing.

Ms. Erwin responded yes.

Chair Garcia asked that a copy of that be forwarded to the Board.

Member Figueroa requested, regarding those types of requests that are so important, if the Board could have them in writing and not emails.

Chair Garcia responded that the emails are efficient because they can get instant responses to that but she requested that when they are sending them to send them through the management loop so that the Board has a copy of them so that they can capture that information and track it with somebody. She requested that if Ms. Erwin is working it through Deputy Director Boston that the Deputy Director send the Board a copy so they could have it in their packets. She stated that she thinks for most of the Board it was quite a surprise to know that the funding went from 32% to 100%. They were kind of stunned that the CUIAB ended up with that reimbursement after the Board had a lengthy discussion at the February meeting that they were not quite sure what was going to happen.

Chair Garcia asked if anything had changed on the expenditures that the Board has already approved for 2008/09.

Ms. Erwin responded that all purchases are going forward. Mirella Gomez stated that she is processing all orders as they come to her. She also stated that she has been apprised of some furniture is being housed at EDD warehouse that CUIAB can use, so some of the furniture is not necessary for purchase.

Member Figueroa asked about other types of equipment, now that some offices scaled down, are there other things that CUIAB could use other than the furniture.

Chair Garcia commented that CUIAB recycles and is a green agency.

Doug Mattes, facilities representative, responded that IT currently recycles everything that they can. They do not have a lot of room for storage and usually the items that they get rid of have become antiquated. Items such as copiers and fax machines usually become antiquated and out of contract. They are pretty much maxed out and are currently borrowing furniture from EDD and DGS to accommodate Venture Oaks, but in the future DGS and EDD do have a lot of furniture and file storage that they will allow CUIAB to use for free. He stated that they are trying to maximize that usage.

Member Figueroa commented that her laptop broke down, the keys were sticking but IT told her that it could not be fixed because it was antiquated, that they do not make that model. She asked if there was someone else in the future that could be

in that same position, and does IT have enough laptops so that if one of them breaks down there is a substitute.

Rafael Placentia, CIO, responded that IT does have loaner laptops that it periodically shares out, but the problems IT is having right now is with the Gateway computers. They currently have approximately 50 Gateway laptops in the agency that are no longer serviceable and IT is targeting those for replacement as part of the fourth quarter spending.

Member Richardson stated that one of the problems with getting an inventory of computers is you do not want them sitting around and then having them go obsolete in a year or two.

Rafael Placentia, CIO, replied that IT currently has an inventory that it is basically trying to work with and identifying the need. He stated that they are working on that project now.

Chair Garcia directed that before they move on to the 2009/10 budget Pat Houston discuss what was left in 2008/09 for construction projects. She stated that CUIAB has approximately \$500,000 left in the budget. They are talking about remodeling this existing structure, so how do they encumber that money so that it can be spent in this year without tapping into 2009/10.

Pat Houston, SSM II, responded that the Department of General Services and the Department of Finance have given them a mechanism called the Architectural Revolving Fund Account. Agencies use that to encumber funds in current year so that it can be used for upcoming projects when they are prepared to begin a construction and then to finalize the construction. If it occurs in the following fiscal year they can use that money in that particular year that they encumbered the fund. They are good for 3 years; the funds expire after 3 years. She reported that because CUIAB has a surplus of \$500,000 they would like to use those moneys on a project at Venture Oaks to build out additional hearing rooms, plus ALJ offices and cubicles for the additional staff. They are expediting the process because it is close to year end and the cut off to submit their project for the Architectural Revolving Fund is June 17 to the Department of Finance. They think that they will have all the documents ready and submitted to the Department of Finance that week. They believe they have a cost estimate for this project and the target date is May 22, which is certainly an accelerated schedule. The contractor feels that they can have an estimate on the 22nd and if not the latest would be the week of the 25th. She stated that she has talked to the Department of Finance and they are prepared to review CUIAB's package without an estimate. Typically they insist on having a cost estimate of the actual project before they approve funding but they are willing to look at the project and consider it prior to having the estimates.

Chair Garcia stated part of that consideration is coming because of the Governor's Emergency Proclamation. The Department of Labor created a task team to deal with all the agencies CUIAB would typically have to jump through hoops.

May 11, 2009

Everything is being fast-tracked so it doesn't get parked on someone's desk. In CUIAB's case, if we do not have space for hearings or room to hire these new judges that would delay our ability to serve the public. Chair Garcia went on a field trip last week so that everyone got to see what space they are capturing here. She stated that for the Board, the important thing is that they are keeping all of their operations under one roof so it is easier to supervise staff and also to be able to share information quickly. She expressed her appreciation to Pat Houston and Doug Mattes for their diligence and fast tracking of the project.

Member Richardson asked if the build out was coming out of the \$500,000 or do they have it already.

Ms. Houston responded that it will be coming out of the \$500,000, and they think that they will be encumbering the entire \$500,000 for the project. It is an all inclusive project and it will also include the modular furniture.

Doug Mattes provided a copy of the remodeling plans to the Board. He stated that he met with all the cost center managers and they went over their projected future needs. He stated that the plans are pretty much the final and this will accommodate everybody that is projected to be hired. He stated that they are looking into possibly borrowing or renting hearing space nearby from other agencies. Traditionally they have been able to work out arrangements with EDD where they loan us space, but EDD is limited on space now and is not in a position to give us a lot of additional space. He commented that expanding Sacramento office out into 6 additional hearing rooms in Suite 150 was the driving force here. They are going to expand Sacramento office a little bit by taking up some of their storage space and reutilizing it as offices or space for modular furniture. AO has a huge influx of ALJs and support staff so their support staff will migrate down to the 2nd floor. There is a lot of open space on the 2nd floor where the modular furniture can be reconfigured, but that will not be including in the construction.

Chair Garcia questioned the plans for floor 2, the wing to the left consisting of the training room and the Tax Unit.

Mr. Mattes responded that it also extends out some over to office 219. CTU will start at office 217 right behind the elevator at the center of the building. Lillian Waters and some of her staff will move over into 201 next to the training room. They are building a few offices over in the Sacramento office area, taking over the conference room and splitting up PALJ Julie Krebs's old office. An office was built a few years ago on the first floor for her. He stated that they are maximizing space mostly by cutting up old storage areas, cutting up some conference rooms and the only thing that will be moved off-site is some storage to State Records, which we currently do but will have to expand some.

Chair Garcia asked in terms of the offices were they doubling up judges.

Mr. Mattes responded yes and referred to page 3 of the remodeling plans. He

stated that on the 3rd floor they are building a lot of new offices, mostly AO offices. AO will be doing a lot of doubling up. They did the math and given the figures of new hires that are projected to come onboard they should have just enough space for everyone. According to the plans the only thing not shown is the additional furniture that will be needed and some of that we should get at no cost from the warehouse but a lot of it will have to be purchased. They plan to convert the conference room/library and move some of the files off-site. Since they are giving up the 2nd floor conference room and the 3rd floor library there will still be a conference room/library area on the 3rd floor where the files used to be. He stated that they are also taking some of the kitchen space and turning that into an office but there will still be seating in the 3rd floor kitchen. There was also discussion about possibly putting furniture on the 3rd floor balcony.

Chair Garcia commented that located on the 3rd floor now there is a big break room and there is a large patio off it. They are going to shave some of the space off of that break room to create a new office space and then they can maximize the use of the balcony more so that there will be seating outside. The only problem is that it is kind of windy out on the balcony so they need to create some kind of clear panels to block the wind without changing the esthetics of the building but provide protection so people can use that space. The project is proposed for July.

Mr. Mattes clarified as soon as possible, and the cutoff for the offer is June 17, 2009, so the budget decision if they are going to use this year's funding will have to be made as soon as possible.

Chair Garcia replied it will be done at tomorrow's Board meeting. Two things that the Board needs to consider is the contractor is not as busy so they want to get them to do this project during a time when they have maximum crews and can do this quickly, and it can probably be done within a month.

Mr. Mattes responded that in terms of the construction a month might be realistic. For the construction itself a month but for the entire project it will be at least twice that because they will still need to get the plans finalized, costing, and permits which will take a few weeks. Also staff will need to be relocated and there is some lead time on some of the materials. The sooner they can get budget approval the faster they can move on it.

Member Richardson noted that when they painted and re-carpeted the building, it affected business, so is this construction going to be done in floor phases.

Mr. Mattes responded that it would be done all at once. It is cheaper to do it all at once and it will be done after hours. There will be a few things done during the day but mostly it will be after hours. He stated that they should be able to accommodate the relocation of staff but the sooner they do it the better because they are in the process of phase hiring and the longer they wait the more people will be here to relocate. He stated that they could easily relocate everyone on a temporary basis for a four week project within the building.

Chair Garcia commented that it is almost two big units that are being moved. When they move the staff from the first floor it will be on the wing where the Chief ALJ/Chief Executive's office is and that is minimal interference because they can be moved to the 3rd floor. Then the work that is being done is pretty much the Board offices and it is easy for the Board to work remotely so that there will be little interference and the library is empty space.

Member Richardson asked if they were building another conference room/library on the 3rd floor, and will that be located where the old archive file room is. Since no one uses that office space now would that accommodate offices versus changing the library.

Mr. Mattes responded that it would but it would be very difficult because of where the entrances would have to be located and there is only room for two. Therefore the library could be divided into four offices with easy access. They could then move the library over to the file room. The conference room equipment from the 1st floor could be moved into there.

Member Richardson clarified that it would be more efficient to quarter up the library.

Chair Garcia stated that that is where the field trip had some value because when you walk it you see that it is a land locked room squeezed in, and also the two offices that are being built to abut it will have windows to allow natural light into an area that is now dark and it is directly across from where the break room is located. It could provide overflow for a break room that now will not be able to accommodate all the employees. The library is currently underutilized.

Member Figueroa commented that it is good to be thinking in multi use.

Mr. Mattes stated that when they did the last build out they converted the fourth floor training room into the second floor training room/kitchen area. That is the best way to use space that you are already renting.

Member Figueroa and Chair Garcia commented that they have to approve the budget at tomorrow's Board meeting to make this happen.

Chair Garcia referred back to the 2008/09 budget and one of the other things that the Board addressed was additional hires. She stated that what she instructed Senior Staff to do is to fast track those hires. She is being a realist about the economic state of California and she wants to make sure that CUIAB does not get lost in the shuffle there next week. One of things that they recognize is that IT is going to be stressed with everything that is going to be done so they have allocated several positions into the budget plan and they may need to reevaluate that to see if they need to reconfigure that department as well because they are moving on the paperless, the mailroom scanning in, looking into automated phone

calls to the claimants, and they are doing more work that they are asking Jorge and Alberto to do. Chair Garcia stated that they are asking staff to think outside the box and utilize what it already has so they can maximize the resources.

Deputy Director Pam Boston reported that what she started to do within Admin Services was to look at all the people they have, identify the duties that they are working on, and then they give them more. She is meeting with her managers at the end of the week to discuss that and they will have a better idea of what they have.

Member Figueroa asked what she meant when she said give them more.

Deputy Director Boston responded to identify duties that have to be done that maybe are not being done or better utilize their time.

Chair Garcia asked her to explain how they merged departments so that it doesn't sound like we are asking our clerks to do more now.

Deputy Director Boston responded that back in October the Board voted to restructure PP&M and Admin. Services and move the PP&M people under the Admin Services Branch. So they took on a lot more duties and responsibilities. As part of this restructure she met with the managers in the very beginning and now they are going back and re-meeting because the workload has increased significantly. It seems the areas of budgets, personnel, business services are real busy so they are looking at functions that are done within those areas that they may expand into other areas within Admin. She stated that there is some staff in Orange County and some in San Diego.

Member Figueroa stated that one of her concerns is that they are very respectful of the fact that they are the ones that do the day to day work and that sometimes they know better but they have just never been asked, so we make sure that we ask them for their suggestions. There was some time ago a concern that they were afraid to say anything because of repercussions, and Member Figueroa thinks people have to understand these are new times, new working conditions, a new Board and that they really want to hear what they have to say, because they are the ones who have to do the job on a daily basis. Any suggestion on how to do it better, not that we want to give you more work, but how to make it better. This is a great time to think out of the box for everybody.

Member Richardson commented that she thinks this is what the Board has always advocated and what she thinks is a really important retention tool is cross-training. Cross-training, upward mobility, everybody wants to know that they can advance or learn a new skill so that they are not just going to be doing the same thing. She reiterated what Member Figueroa and Chair Garcia said, that they are not giving them more work but they are giving them an opportunity to maybe learn another aspect of the agency that they have not had the opportunity to learn before. She stated that she is really excited to have people telling the board what they would

like to do.

Chief ALJ/Chief Executive Roldan commented that one of the things that he is doing to get some good input from FO is they put together a formal workload committee, PALJ Julie Krebs from the Sacramento office is chairing it, ALJ Irene Server as a representative of a small office and then ALJ Harold Rucker so that they have southern and northern California representation. Also on the committee are representatives from facilities, personnel and he has asked them to identify representatives from support staff side, LSS side and also the RSU so that they are getting information from all of the aspects of the department that they may not necessarily hear. He has tasked them with some very specific responsibilities of whether we need geographic redistribution of workload because some offices are growing larger than others and some areas are impacted more by unemployment than others. All of the things that they need to hear that they do not necessarily tap into from headquarters. He thinks they can be a very useful source of information. The committee is going to be meeting weekly via teleconference, similar to the way that they did the furlough committee which was a good model to build off of where they had a good flow of information in both directions. They will have their first meeting that Friday. He expects to be getting a lot of information from them very soon.

Chair Garcia stated that one of the things that they realized is that staff has this very specialized unit that does analytical work that is underutilized and at headquarters they do not have enough of that kind of support structure so it is not really necessary for them to be here to be able to help them. When they are saying have the staff do a little bit more it is work within their own specialty within something that they understand. Specifically she points to Alberto and Jorge's units. They are looking at what are the delays in some of the mailrooms. When they look at the delays in the mailrooms there are other factors that they don't even think about. It is not just stuffing things in envelopes, we have X,Y,Z workload and we are asking people to do this so how does it impact that or if we have a growth in workload what can we do differently with the equipment we have or the projects that the board is proposing. Since they are already there in southern California they can go to those sites and specifically work with the PALJs and the staff there to tell them better how they should allocate their resources versus sending down directives without really understanding it. So they are better utilizing the staff that they have in ways that are meaningful to them because she is sure that as everything is changing they are wondering what we are doing. Whether it is looking at the workload there or with proposals that the board is going to be looking at over the next couple of months on how they change the workload and how technology can help us. How the new ALJs that are coming onboard need to be fit into the schedule, etc.

Chief ALJ/Chief Executive Alberto Roldan shared with the board that their dispositions are measured them in the standard fashion in terms of decisions over the course of a number of years and he knows there has been some discussion with the board as to whether they should be measuring by claimants or whether they should be measuring by dispositions. He raised that just to say they have

been using one standard measurement for a period of time and this discussion is driven by that measuring standard. They have for the month of April turned in basically the highest number of decisions ever in that department since June 2006. So basically through the whole arc of the tremendous explosion of cases that they have been wrestling with they have been disposing of them at a higher rate at any point during this present crisis. They still stand at the highest number of open cases at approximately 90,000 open cases at the present time. It is fair to say that the new staff that has been brought onboard is having a significant impact in dealing with those particular numbers. They just started another class that day of 14 additional ALJs that are currently training with ALJ Lillian Waters. As an exact number in terms of the open balance they are looking at 90,863 cases overall. He would like to raise the overall number because sometimes they lose sight of the fact that they still have the disability insurance and tax cases that they are wrestling with. Those numbers are certainly not of the enormous standing that they are dealing with with UI cases which that balance is 79,963 cases but it is still a substantial part of their responsibility.

Chief ALJ/Chief Executive Roldan reported that they have started on the Dragon Naturally Speaking project. The software has been purchased and IT has been working very hard in working through where the software needs to be installed. One of the very clever solutions that they came up with to allow portability of the software needed by the individual judges was to put their individual files on encrypted flash drives so that the judges can bring them around to all the different locations. That had not been thought of at first but IT came up with that solution. He stated that he has personally been using Dragon Naturally Speaking as part of his work. He is doing field cases on Fridays for the last couple of weeks. He shocked his mentor by having his cases recorded, put together and turned back in to him between the first and second hearings that he did. He is personally finding it to be a very powerful tool. He would caution though that he carries a very small workload as opposed to the regular field judges and he thinks that the dynamics of handling 27-30 plus cases a week may have a very different effect on the usability of Dragon but it is generally been a positive experience so far. There have been a lot of learning curves that the IT shop has had to work their way through with that particular experiment but it seems to be moving along very well.

Member Richardson asked if all the new trainees were going to do Dragon.

Chief ALJ/Chief Executive Roldan responded yes and one of the things that the board approved at the last board meeting was the building out and augmentation of the training room as a whole. They are installing laptops in all of the training rooms so that the new judges have that available to them and Dragon is going to be installed on all of the training laptops so that it is physically there. What they would like to do in the very near future probably in the next couple of class is start routing them through and actually giving them some exposure to Dragon so that they know it is an option from the outset. They can essentially decide if they so chose to use it as an additional tool other than the dictation. What he has found since he has been learning dictation and Dragon is that Dragon actually teaches

you how to dictate. He stated that dictation is actually something of an antiquated skill in terms of new lawyers. Most lawyers don't do that, they tend to type their own work and they tend not to dictate which is a little bit of an older skill. It is a combination of 20th and 21st century all looping back to the same result which is people who are either trained in how to dictate cases which is what they presently use or they learn how to use Dragon more organically.

Chair Garcia asked if the Appellate new hires were being put through the Dragon training also.

Chief ALJ/Chief Executive Roldan responded yes.

Chair Garcia inquired what is it they need to use, can they use some of the laptops that they have.

Chief ALJ/Chief Executive Roldan pointed out that the AO ALJs are going through the FO rotation in addition to the specialized AO training that they are receiving. What he just described as the FO ALJs as a matter of courses is going to be exposed to the AO ALJs.

Chair Garcia asked if he could also talk on the impact they are having on the current hearing rooms and spaces.

Chief ALJ/Chief Executive Roldan responded that in the 2009/10 budget proposal there are 4 facilities that are highlighted in addition to proposed projects. They are generally struggling with having sufficient space for doing all of the hearings necessary and with the influx of additional staff particularly those that are proposed in the Phase Three hiring that they will be discussing in the near future. They will have to have some serious discussion about acquiring additional property. There are four of the five in particular the Fountain Valley, West Covina, Wilshire and Sherman Oaks facilities that were shuttered at a time when the department was going through a very difficult fiscal situation. The facilities were not necessarily identified solely because they were hearing rooms that were being underutilized by the department. A lot of what drove the closing of those four facilities is that they were at the end of their lease cycle so they were appropriate facilities because you could walk away from the lease without incurring any sort of penalties or things of that nature. In terms of a workload study, (See Handout 7) under fiscal year 2009/10 proposed projects, recent facilities closures for reopening consideration. The far right column there is an area that describes the level of workload that was heard in those particular facilities in terms of the overall workload carried for those particular field offices. Fountain Valley was a facility that served Orange County, a very high functioning facility that has been allocated a number of additional ALJs. The Fountain Valley facility heard 27% of the overall cases that were heard in that particular department so it gives you a sense of the workload that was playing out in that particular location. The West Covina facility heard 27% of the cases in Los Angeles County and 3% of Inland cases. Los Angeles and Inland shared that particular facility. The Wilshire facility carried 17% of Inglewood workload and 4%

of the Los Angeles cases. Sherman Oaks doesn't really reflect the impact that it had on Oxnard but Pasadena 27% of its workload was heard in Sherman Oaks. That Sherman Oaks facility is a shared facility between Pasadena and Oxnard which is in Ventura County and they actually wound up shifting back from Oxnard a hearing room that one of the satellite offices to serve Pasadena when Sherman Oaks was shuttered. If Sherman Oaks were to be reconsidered for reopening they would also gain an additional hearing room for Oxnard because the room that is being borrowed for Oxnard's purposes could be returned from Pasadena to Oxnard. There would be a benefit to both the Pasadena and Sherman Oaks facilities in terms of that. He stated he is not sure this is going to be an action item other than just a general consideration of allocating budget to consider these and then the decision about whether they would go into the individual offices would be dealt with the Chair on an individual basis. But narratives have been prepared and a workload study was done by Mr. Silva regarding the Los Angeles office. He has a workload study that was done by PALJ Server regarding the Pasadena office and the need for Sherman Oaks. One other thing included in the narrative is a discussion of the fact that the Sherman Oaks facility in terms of serving litigants, they no longer have a presence at all in terms of offices anywhere in the San Fernando Valley because of the closing of the Sherman Oaks facility and the remaining facilities that are used are a lot less accessible by public transportation than the Sherman Oaks facility was.

Member Richardson commented that in his grind he indicated that tenant improvements are necessary in every single one of these facilities.

Chief ALJ/Chief Executive Roldan responded that that was not correct and that the only one that needs minimal tenant improvements is Wilshire. If it has a double asterisk it means that they are literally walk-in ready.

Member Richardson stated that Wilshire had some sort of a grease trap leaking from the cafeteria, these are office that have had historically some habitability issues and then the other issue might be whether or not they use them 5 days a week versus 2 or 3. We want to make sure if we are renting something for 25 days a month that it be used for 25 days a month instead of 2 days per week for example and if they do have to have a presence in San Fernando Valley, which she thinks is laudable, that if it is only needed for 2 or 3 days a week that they maybe enter into sharing program with another agency so that we offset some of the cost for that.

Member Montañez commented that she totally agrees that, living in that area, it is hard for people from the San Fernando Valley to get downtown or to the Pasadena offices. She agrees with the idea that if there is anything that can be done even a couple days a week to provide that service in the San Fernando Valley would be really helpful and have an office more easily accessible.

Chief ALJ/Chief Executive Roldan stated that in terms of workload, the workload is being distributed so the five days of the week are evenly. Each of the PALJs are

under orders to revisit the staffing of the ALJs and all of the new ALJs who have come onboard are on a 5-8 schedule. None of them are being allowed into any sort of flex schedule or things of that nature. Even people who were previously on flex schedules, which they continue to allow, there has been a migration to have either a Monday or Friday off and that is no longer the case. They are being evenly distributed throughout the week, so they are just as likely to have their flex day off on Tuesday, Wednesday or Thursday as they are on a Monday or Friday. He has been working with the PALJs to make adjustments so that they have a presence in all offices and hearing rooms on everyday of the work week rather than just Tuesday through Thursday and not really being here on Mondays or Fridays.

Member Richardson commented that she agrees with Member Montañez about San Fernando Valley because it is huge and she thinks they need office space there but she wants to make sure it is utilized 5 days a week.

Chair Garcia asked how do they deal with sending these judges out to these outpost, what has been the past or current practice.

Chief ALJ/Chief Executive Roldan responded that in the smaller satellite offices the judges tend to be their own support staff unless you are talking about a large presence for mass calendar like Santa Rosa often does mass calendars where they will actually bring in a support staff with them. The judges tend to be a jack of all trades, they will be there and let the litigants in, they will record their own hearings and either renders their decisions out of the satellite offices during the time that they are there or in some instances go back to the main offices and work on their decisions from there. They are taught to be very self-supporting when they go out to these facilities and they have a minimal support staff presence out at those locations because the decisions are either dictated or typed and then email into the central offices for processing to be sent out of the Hubs. It is not necessary to bring an army of support staff out to the satellite offices with judges so that really has not been the practice and it hasn't been an area where the judges have given any feedback where they need that additional support of the staff. Unless you are talking about a large mass calendar being run out of a satellite office which does happen from time to time but because it is known 2-3 weeks in advance they will have a whole support staff all set up and processing cases from beginning to end during the mass calendars out at those locations. In the rural areas the judges will physically go out and they will stay at a hotel, they have negotiated the state rate at these hotels, and they will just house themselves at those location. Some of the judges will just drive home at the end of the day if that is an option but at some of the other offices they have to stay out at those locations for the week. He stated that they do have a very mobile office operation and some of the offices are actually designed around being mobile. Oxnard for example, is an office where a majority of their cases are done out in the field offices. Some other offices are designed to being more centrally located with very little presence in the satellite office.

Member Figueroa wanted to know how much square footage in one of those

offices, like Oxnard office.

Chief ALJ/Chief Executive Roldan responded that Oxnard is a main office and it is a fairly small office compared to others but they have a lot of field offices that they go to.

Member Figueroa questioned if it would behoove the agency because of the emergency to go to shopping centers to hear cases.

Chief ALJ/Chief Executive Roldan commented that one of the things he has asked the workload committee specifically to request of Chair Garcia was to explore entering into agreements with sister agencies, not just at the state level but at the county and city level as well. Could we borrow a city hall for a day or two and do rotations out of those places. The judges really could work as long as they have good recording equipment in a variety of locations. A laptop could be equipped to be an appropriate recording device as long as the judge was careful with it. There are a lot of options they can explore. We are in the middle of a workload crisis. This is a very difficult environment to initiate a lot of changes. They have to prioritize how many different changes they are going to throw at the field at any given time. It is also a good opportunity to find new ways to do business.

Deputy Chief ALJ-AO, Jorge Carrillo reported that last month there were over 1,800 registrations and a couple of months ago AO was at 1,400 – 1,500 appeals registered a month. As they look at the projects based on what FO is hiring in addition to Phase One they have 30 ALJs that they were authorized to hire and then Phase Two 40 ALJs, and in Phase Three it is projected for an additional 60 ALJs. When you look at that, AO is looking to double the amount of board appeals it will be registering by January 2009, projected to be 2,850. In order to meet that kind of demand AO also has to double its workforce. AO has about 15 judges and are projecting to hire an additional 15 judges and additional 15 support staff over the course of the next few months just to be prepared to handle that increase in workload. The board at the last meeting authorized AO to hire 2 ALJs before the end of June and they have gotten the paperwork signed for that and will be setting up interviews later that month to bring 2 of those ALJs onboard. There is a possibility that given the budget issues that may be coming up in July, if they interview and find more than 2 judges that they think would be good candidates to come onboard, he may come back to the board and ask if they would allow him to hire an additional 1 or 2 ALJs just because he would hate to be in a position where they are counting on hiring these judges in July or August or September and because of a budget stalemate they could be waiting until September or October to even begin the hiring process. Depending on how that works out he may have a request to hire more people before the end of June.

Deputy Chief ALJ-AO Carrillo reported that with so many new judges there is a need for office space. His plan currently is to move the telecommuting judges who are working two days in the office out of their current single offices and putting them into seven offices that are large enough to accommodate two people, have

two desks, two computer spaces, so that they come in on different days but they share an office. That would allow AO to take care of 14 judges with 7 offices but in addition they will need 21 single office spaces because the new judges that are coming in are going to be in the office five days a week and will need the privacy to listen to their cases. The designs that were shown to the board earlier are basically to get AO into a position where it can house up to 21 new judges. In regards to support staff, by the end of everything, they will have over 50 support staff. He has looked at the space on the 3rd floor and he thinks they can accommodate between 23 to 26 support staff that will leave them short 20, and those 20 will go down to the 2nd floor. He has asked support supervisors to talk to the staff to determine which functions should remain on the 3rd floor and which can be downstairs with a supervisor present but with enough people they can make it work. That is going to be a tremendous challenge to get everybody in the places they should be and have the space they need.

Deputy Chief ALJ-AO Carrillo reported on a couple of regulation changes that will change the way AO currently operates. The most fundamental change is that right now when AO gets an appeal it is registered and then a letter is sent out to the parties advising them of their rights, the right to ask for a copy of the record, the right to submit written argument and the right to submit additional evidence. The parties are given 12 days to do that after the letter is sent. The regulation would change it so that the information would be given to the parties with the ALJ's decision when they have 20 days to appeal, a longer period of time and let them ask at that point for a copy of the record or written argument or additional evidence. By doing that, it eliminates the need for AO to send a letter after it gets the appeal and wait 18 days to see if the parties are going to exercise their rights. A query was done on all the cases AO had in 2008 and about half of them were single party cases where if this change is made, as soon as they get the appeal, they will be able to assign that case and review it right away. In two party cases they are also proposing that they not allow the respondent to submit written argument unless an initial review shows that there is a basis for changing the decision and then at that point they would advise them that if they want to submit written argument to do that. In 92% of the cases AO affirmed the FO ALJ's decision with no modification. Given that if they do an initial review they would be able to affirm the decision based on the appeal that is filed by the appellant without necessitating the respondent to have to submit their own argument. With those changes they hope that they will be able to process their cases and give the parties an answer fairly quickly.

Member Richardson asked if the Board could be provided with a table of contents for the proposed regulations at tomorrow's Board meeting, or the codes he is referring to. Deputy Chief ALJ-AO Carrillo responded it is code numbers 5102 and 5105.

Deputy Chief ALJ-AO Carrillo explained at the last Board meeting that AO had met all three time lapse for the previous month but sadly he will be reporting that they met none of them this month. Part of the reason was that they were focused on

moving those old cases that they had gotten that were 400-500 days old and they put their effort into getting those out of the way. By doing that they were not able to concentrate on the newer cases that would have helped them meet the time lapse. In addition, they had quite a few people out, one ALJ was out the entire month and another ALJ was off halftime, 2 retired annuitants that they were using both decided they did not want to work last month or this month. They also had new judges that they were training and some of the veteran judges are involved in training the new judges as well as the new Board members. Everything came together to prevent them from doing the amount of work that they would normally like to do.

Chair Garcia commented that the good news was that they finished all the 169 old cases. She stated that Member Richardson proposed that they create a task force of judges and Board members so that as quickly as they were turned in the Board got them out. It was really a team effort. She thanked Deputy Chief AO Carrillo and his staff.

Deputy Director Pam Boston reported that she will be talking tomorrow in her report about where they are with the status of hiring, also the exit survey and the employee satisfaction survey. She stated that in looking at the exit survey she went back to 2003 at the numbers of separations versus the number of retirements and it really has not been that significant over the years. In 2005 there were 28 separations and 27 retirements, 2006 there were 28 separations and 18 retirements, 2007, there were 27 separations and 19 retirements, and 2008, 23 separations and 23 retirements. That is not a bad turnover for an entire year. She mentioned that with the increased staff of AO and FO, they will have to be looking at Admin staff to see if they will need to augment their staff in any way to take on this additional hires that will happen in Phase Three hiring.

Renee Erwin, SSM II, reported that the 2009/10 budget was in draft mode and that was due to several factors. The Legislative Analysts Office just came out with a report that the 2009/10 Governor's budget is now facing an estimated \$10-24 billion shortfall and they are urging the Governor to come out with Executive Orders and Directives on how that will be dealt with. They are suggesting that they take action no later than June so that they are effective July. So they are anticipating there will be some other major adjustments in the budget for 2009/10 at the Governor's level. The May revise was just recently submitted to Department of Labor and that then goes to Department of Finance. Historically, Finance does not give them a final answer on the May revise until the beginning of June. She received word that the out-of-state travel packages, the Governor's office had them reduced for all state agencies by another 10%, but she has not received that actual adjustment that Finance made to their package. The dollars were reduced but not the number of trips. You will have less money to spend on the trips. Lastly, the Phase Three draft plan proposal that she will be addressing to the Board tomorrow still has some duplication of what they are building into the 2009/10 budget and what the branches had already submitted in their call letter request, so what they need to do is make sure they are not duplicating those efforts and requesting for

positions in the call letters that are also going to be addressed with the Phase Three. Reviewing the document with the Board you have the Governor's 2009/10 budget that reflects the number of permanent and temp positions for CUIAB's total positions, the dollars that are available for permanent/temp, the benefits associated with those and OE&E cost. The Governor's 2009/10 budget is \$91.2 million for CUIAB. After the Governor's budget was established they have the furlough appropriation reduction for the 2 days per month, all state departments are having their appropriations reduced by those dollar savings. That impact to CUIAB is \$7.6 million, estimated. Next, is the May revise and for the UI program the forecasts are estimating that the workload will go from 375,000 cases per year to 538,957 per year, which is an increase of 163,000 cases. With the increased workload that also would bring additional positions to handle that workload and what they have proposed are 112 permanent positions and 366 temp. help positions. The dollars to fund those in just salaries and wages is \$26.5 million, but overall the revise for the UI program would bring in an additional \$37.4 million for CUIAB in 2009/10. The DI program has a slight reduction of 867 cases for the year so that is offset by 2.3 temp help positions and \$175,000. The Paid Family Leave program is a line item that appropriates dollars to CUIAB, however we have never earned up to what our allocation has been and what is estimated for 2009/10 is that our workload of earnings will fall short by \$1.8 million. Then, there is a line item for UI and DI production shortfall and what that is identifying is if the Board approves Phase Three hires, how many cases we will not be producing in comparison to what the revise is showing. So the Phase Three is going to fall short by about 8,400 cases in the year which is equivalent to 22 positions so they would reduce the dollar allocation and expenditures by \$1.9 million. Bottom line for the 2009/10 budget is they have 1,193 total positions, \$117,101,963. The next group down identifies what the branches requested in their call letters. Some of them identified hires for a Phase Three or hires needed for the increased workload. So the Phase Three workload reduction plan and what their requests are need to go back to the table to make sure they are not duplicating those but even with their request and all of Phase Three what they end up with for the under/over to balance the budget, the requests stand at 14.8 positions over what we have in permanent so they have to cut back almost 15 positions to balance the permanent positions. They are under in their temp help by 219 positions and then also they need to adjust the dollars accordingly but the bottom line based on what was drafted right now, they still have another \$872,000 that has not been identified to spend. Regarding the Phase Three proposed plan that will be presented at tomorrow's board meeting, Field Operations Phase Three Workload Reduction Plan would need 60 ALJ hires, 44 permanent and 16 temporary, and as they are brought onboard, 15 per month. It may not be realistic but it is addressing what they hope to accomplish but by doing so the workload for FO would be reduced to the levels where they could make time lapse and case aging by June 2010. One concern is that this is a lot of people to bring onboard and then when the workload starts dropping that they are in a position where they have to start laying off. Historically, over the last recent years they expect anywhere from 10-15 ALJ retirements per year and in addition to that there are 15 on average retired annuitants that work each month and there is also the caseload increase that happened back last

February 2008 that could be reduced. There are 30 judges that could easily be offset and not have to go into lay off and then reducing caseload assignment would also help.

Chair Garcia asked when they would know the reimbursement amount in the event that they do staff up they are able to sustain it.

Ms. Erwin responded that the 2010 US DOL budget will be coming out with the May targets and that is issued in June. That should establish what funding levels CUIAB will have. She stated that right now the budget at the national level is being negotiated and that also would drive what funding levels CUIAB would have if they made any additional reductions.

Chair Garcia asked about the federal stimulus dollars that are outside of our normal labor dollars. Ms. Erwin replied that she did not know but that former Acting Executive Director Flagg went to numerous meetings with EDD on the stimulus money.

Lori Kurosaka responded that there was \$60 million that was appropriated in the National Recovery Act and she believes they have already processed the distribution of that money. EDD is partnering with CUIAB to budget the use of that money.

Member Richardson asked her to share whatever information she has with Ms. Erwin and then with the Board so that they can have it in a readable format and then they can educate everybody about what is going on.

Chair Garcia asked if it would be appropriate for Lori Kurosaka to step in and go to the meetings that former Acting Executive Director Flagg would have gone to with EDD on CUIAB's behalf. Chief Counsel Hilton responded it certainly would be.

Ms. Erwin continued on to the next page, which was on Appellate Operations, which identifies that they need to hire 15 ALJs based on the workload that is going to be generated by Field Operations and their additional hires. Six of those positions are proposed to be permanent and nine temporary help and they are phased in two in one month, then four in the each next 3 months and one at the very end, with the last hire being effective in December. By doing so their workload would be reduced to the level where they can make time lapse and case aging by February 2010. Based on what FO and AO are doing, the service branches that provide the support for them would need to ramped up slightly also and so they have proposed based on the 150 hires at the operational branches, for every judge hired they are proposing a support staff hire, that Administrative Services hire 7 additional positions, Information Technology would need 6 additional positions and Executive 4 positions. That would be 17 positions for the service branches in bringing the Phase Three to a total of 167 positions.

Chair Garcia commented that that does not recognize some of the stuff that they

were looking at in terms of IT, moving paperless, doing some of the pilot programs and the impact on the IT unit. What the Board authorized were some of the worker bees, some of the help desk, etc. She stated that Rafael Placentia has proposed some changes there that they are going to be visiting over the next couple of weeks and probably coming back to the Board with something. A bit of tinkering with the restructuring as they are expanding the FO, using Dragon Speaks, doing training rooms, the programmers and help desk really need to configure how they are going to fit that into the existing piece. She reminded the Board that at the last meeting they authorized the use of a consultant so they need to build that in so they have an understanding of how all of these pieces need to fit together. It is going to be a major investment in software and hardware in the Agency so they want to make smart decisions about it. What she would not like to do as a Board is to contract out on an ongoing basis pieces of their work. For example, they had a discussion earlier today about calling the claimants; there is a 25% no show rate for the hearings. She does not want to contract with an agency, having a company call those claimants. She does not want to give up confidential information, she wants to control that. She would rather they buy the equipment and have the structure built in-house than to contract out and pay somebody 5 cents a phone call for example. That is going to require staff that understands how to build that framework and she does not think that we have that structure in place now.

Ms. Erwin reported on the lease budget and proposed projects that Chief ALJ/Chief Executive Roldan was speaking about earlier. She stated that they would present to the Board tomorrow Phase Three and also proposed projects because they go hand and hand. If they could get a jump start of those two pieces of the 2009/10 budget they would be at a better advantage.

Chair Garcia commented that there were a couple pieces that she has asked the staff to do. The first is that this Board took some action less than a year ago to close some of these offices so they need to, before they take any action to reopen any space, maximize their existing facilities and she has asked the Chief ALJ to take a look at that. Making sure they are using them Monday through Friday, using every available space that they can convert within their existing facilities either to phone hearings or regular hearing rooms, working with Pat Houston and her staff to identify sister agencies, colleges, councils, any other facilities that they can use for free or at a reduced cost, so that they are doing exactly what Member Richardson said about using a facility 25 days a month versus 4 days a month, maximizing that. Chief ALJ Roldan is also taking a look at his existing geographical regions around these field offices to make sure that the zip codes that they are servicing are really being serviced around those areas and if they need to make some shifts that they can. Also, they are shifting over to do some phone hearings so it really does not matter where you are calling from. Her recommendation as Chair will be that they exhaust those first before they move on to leasing any space, but that they also take into account that time is of the essence because the spaces that they did vacate are currently available, staff has already done the due diligence in making sure that they are available, that they have the contracts ready so they do not want to belabor this and then lose the opportunity or worse get

stuck in a cycle where they get stuck because of the financial crisis of the state.

Member Figueroa commented that this is a good time because some of them need us just as much as we need the space.

Member Richardson stated that one of the things that they also need to take into consideration is that unemployment is very regional and in California we have got extremely high unemployment in places like Modesto and the Inland region, so to the extent that they want to open new satellite offices and expand let's try to marry that expansion with the need. She stated that they have a great need in certain regions and she would like to look at that as well.

Chair Garcia commented that again Rafael Placentia's shop is using the IT side of this, so that they can get the right information, the number of claimants around the right field offices.

Chair Garcia asked Stephen Egan about the web draft.

Stephen Egan responded that they sent it to EDD's graphic design people and they are going to propose some graphics for it. He commented that they are taking a look at Curium, and because of the Executive Order there will be a lot of approvals that will not be necessary, so they are trying to figure out if it is going to be appropriate to do a pilot. He has been working with Rafael Placentia on that. Curium is a software application and they are trying to see if it is possible to just to do it at one office location as a pilot.

Member Figueroa asked if they would be discussing the furlough letter at tomorrow's Board meeting.

Chair Garcia responded that yes they would. They did get a response back from the Acting Labor Secretary and tomorrow as a Board they will discuss what action they need to take from there. Already they can see the Emergency Proclamation is helping them navigate some very interesting waters as they are approaching the end of the budget year. One of the things that they need to consider as a board is looking at fifth quarter spending, so they need to talk to Renee Erwin a little bit about that tomorrow. How if they get stuck, what EDD does and what CUIAB is looking at doing so that we can be included in that fifth quarter spending cycle.

11. Public Comment:

There was no Public Comment.

12. Closed Session:

The Board went into closed session. No votes were reported.

Adjournment